

## Message Text

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17

ACTION EB-07

INFO OCT-01 AF-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 L-02 XMB-02 SS-15 NSC-05

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R 241429Z MAR 75

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 1814

C O N F I D E N T I A L KINSHASA 2465

E.O. 11652: GDS

TAGS: EFIN CG EAIR

SUBJECT: MOBUTU, PANAM AND AIR ZAIRE

REF: A. KINSHASA 1567

B. HAMILTON MEMO MARCH 13, COPY TO AF/C

SUMMARY: FUTURE OF PANAM TECHNICAL ASSISTANCE TO AIR ZAIRE IS IN QUESTION FOLLOWING GOZ MOVES TO RESTRICT AUTHORITY OF TEAM LEADER. IN ADDITION, PANAM-MOBUTU RELATION IS COMPLICATED BY MOBUTU'S DESIRE PURCHASE 747. NEGOTIATIONS ON LATTER POINT WILL BE ENGAGED WHILE PERSONALITY ISSUES TEMPORARILY AT LEAST TEND OBSCURE SUBSTANTIVE ISSUES INVOLVED IN ASSISTANCE CONTRACT. END SUMMARY

1. ONE OF THE MORE COMPLICATED ACTS IN THE ZAIRIAN CIRCUS HAS LONG BEEN THE AIR ZAIRE-PAN-AM GOZ RELATIONSHIP. RINGMASTER JOE GATT, A KINSHASA VETERAN, HAS BEEN DOING WELL AND HAS GREAT TALENT FOR LANDING ON HIS FEET. BUT HE AND HUTT ASKED TO SEE ME NIGHT OF MARCH 21 TO TELL ME THAT CIRCUS DIRECTOR MOBUTU HAD HIM A BIT WORRIED.

2. BACKGROUND: CLAUDE HUTT, HEAD OF PANAM TECHNICAL ASSISTANCE TEAM TO AIR ZAIRE, AND DIRECTOR GENERAL OF AIR ZAIRE WAS, ON MARCH 15, NAMED DELEGUE GENERAL TO AIR ZAIRE. THE CONCEPT OF THE GOVERNMENT'S TAKING OVER  
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CONTROL OF STATE-OWNED AIRLINE AND NAMING AS DELEGUE

GENERAL THE INCUMBENT AMERICAN DIRECTOR CONCERNED IS IN ITSELF BREATHTAKING IN ITS INNOVATIVE SCOPE. HUTT AND GATT, WHO HAVE BEEN WORKING WITH BISENGIMANA TO TRY TO END-RUN MINISTER OF TRANSPORT INONGA, WERE ELATED AND WE HAD INTERPRETED APPOINTMENT AS DEVICE TO SWITCH CHAIN OF COMMAND DIRECTLY TO PRESIDENCY. HOWEVER, INONGA PROMPTLY WROTE DELEGUE GENERAL HUTT LETTER REINSTITUTING HIS AUTHORITY, WHICH LED HUTT TO WRITE BISENGIMANA AN APPEAL CITING CONTRACT PROVISIONS AND POINTING OUT NEED FOR AUTHORITY FOR HUTT COMMENSURATE WITH TAP RESPONSIBILITIES. THEN GATT NOTED THAT IN LAST FEW DAYS BISENGIMANA HAD COOLED AND WAS COUNSELLING PATIENCE ON NEW COMMAND ARRANGEMENTS. OTHER KEY THREAD TO STORY HAS TO DO WITH 747 LEASED TO AIR ZAIRE. REFTEL REPORTED MOBUTU INTEREST AND 13 MARCH MEMO NOTED PANAM PREPARED SELL FOR \$20 MILLION BUT THAT PANAM MANAGER CECCHET, PRESUMABLY AFTER CONSULTING WITH GATT AND HUTT, TOLD NEW YORK THEY HAD TO MAKE BETTER OFFER. IN MEANTIME, HUTT, AGAIN USING BISENGIMANA CHANNEL, WROTE LETTER OUTLINING PROS AND CONS ON 747 PURCHASE BUT, QUITE REASONABLY, LISTED HALF DOZEN CONS AND WAS HARD-PUT TO THINK OF ANY PROS.

3. MOBUTU INTERVENES: GATT SAW MOBUTU MARCH 21 AND MOBUTU WANTED TO KNOW WHAT PANAM THOUGHT THEY WERE DOING. NOT ONLY HAD THEY NOT MADE OFFER TO SELL AS HE HAD REQUESTED, BUT HE UNDERSTOOD THAT PANAM FELLOW AT AIR ZAIRE WAS OPPOSED TO 747 PURCHASE. WAS IT TRUE, HE APPARENTLY ASKED, THAT PANAM PLANNED SEIZE PLANE AT END MARCH? THIS WAS BAD AND IF HE LOST 747, IT WOULD STRENGTHEN CASE OF THOSE SAYING ZAIRE IS BANKRUPT.

4. GATT SAYS HE REPLIED THAT MOBUTU'S FRIENDS HERE HAD NOT WISHED SUBMIT PANAM SALES OFFER AS THEY CONSIDERED PRICE TOO HIGH. PRESIDENT PRESSED GATT, WHO SOMEHOW EVENTUALLY INDICATED--STRESSING HE NOT OFFICIALLY AUTHORIZED TO NEGOTIATE SALE--THAT MAYBE PLAN COULD BE BOUGHT FOR \$19 MILLION LESS A HEALTHY CREDIT FOR PAST LEASE PAYMENTS. MOBUTU'S REACTION WAS "GREAT--IN A FEW DAYS I WILL HAVE THE MONEY; EVERYTHING IS WELL FINANCIALLY AND ELEVEN OR TWELVE MILLION DOLLARS POSES NO PROBLEM FOR ME."

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5. COMMENT: THIS IS MOST INTERESTING POINT OF ALL AND STRONGLY SUGGESTS THAT MOBUTU DOES NOT FULLY UNDERSTAND HIS FINANCIAL SITUATION AND IS NOT REALLY PLANNING TO FOLLOW AUSTERITY PROGRAM. END COMMENT.

6. GATT THEN ASKED PRESIDENT ABOUT INONGA LETTER IN EFFECT TELLING DELEGUE HUTT HE NO LONGER RUNNING AIR ZAIRE. PRESIDENT TOLD GATT INONGA HAD TALKED TO HIM AND OBTAINED

HIS PRIOR APPROVAL BEFORE SENDING LETTER, BUT SOFTENED BLOW BY SAYING ANONGA DIDN'T WANT TO MAKE DECISIONS; HE JUST DIDN'T WANT HUTT MAKING ANY DECISIONS WITHOUT HIS PRIOR OK.

7. WHAT NEXT? GATT, HUTT AND I DISCUSSED WHAT SHOULD BE DONE AT SOME LENGTH. I TOOK LINE THAT PANAM SHOULD MAKE SERIOUS SALES OFFER AND WHOULD NEGOTIATE BEYOND MARCH 31 RECAPTURE DATE. ANOTHER MONTH, I HOPED, WOULD SERVE TO CLARIFY FINANCIAL SITUATION I SAID IF I HAD OPPORTUNITY I WOULD ARGUE THAT MOBUTU COULD STRENGTHEN HIS IMAGE WITH WORLD FIANCIAL COMMUNITY BY ANNOUNCING DECISION TO RETURN 747 AS PART OF SENSIBLE ECONOMY PROGRAM. AS FOR ZAIRE ZAIRE, THERE IS CONSIDERABLE EVIDENCE THAT GOVERNMENT MAY BE MOVING TO THROW OUT PANAM TEAM IN ANY CASE -- MRP PARTY LEADERS RECOMMENDED THAT LAST YEAR AND WE ALL SEE SOME EVIDENCE THAT UTA IS STANDING BY IN WINGS. NEVERTHELESS, ISUGGESTED PUTTING HARD BALL BACK INTO INONGA'S COURT. AS PLOY, I THOUGHT HUTT, IN HIS ROLE AS DELEGUE GENERAL SHOULD TELL INONGA THAT HE WOULD COMPLY PRECISELY WITH MINISTER'S INSTRUCTIONS. AT THE SAME TIME, AS HEAD OF TECHNICAL ASSISTANCE TEAM AND DIRECTOR GENERAL OF ZAIRE ZAIRE, HE WOULD CITE CONTRACT PRVISOONS IMPOSSIBILITY OF GIVING UP RESPONSIBILITY FOR DECISIONS ON ALL MATTERS LISTED BY INONGA, AND SAY THAT IF INONGA DID NOT AGREE, HE WOULD RECOMMEND CONTRACT TERMINATION TO NEW YORK. HUTT AND GATT LIKED IT BUT WE ALL AGREED TO SLEEP ON PROBLEM.

8. HUTT ACTS: SLEEP EMBOLDENED HUTT AND WITHOUT FURTHER CONSULTATION WITH ME, WROTE TO INONGA BUT HE ALSO WROTE MOBUTU DELIVERING COPY TO MOBUTU'S PROTOCOL BOSS, AMBASSADORTSHIBAMBI. IT IS IMPLICIT BUT NOT EXPLICIT IN BOTH LETTERS THAT CONTRACT ARRANGEMENT IS AT STAKE BUT WHETHER OR NOT CONTRACT CONFIDENTIAL

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SURVIVES, BY APPEALING DIRECTLY TO MOBUTU, HUTT HAS PUT HIS PERSONAL POSITION ON THE LINE IN MANNER WHICH I THINK WAS UNWISE SINCE INONGA IS ULIKELY TO FORGIVE HIM EVEN SHOULD HUTT WIN THIS ROUND AND MOBUTU NOW HAS TO DEAL WITH CLASH BETWEEN ONE OF HIS MINISTERS AND HUTT RATHER THAN WITH MERITS CASE. HOWEVER, EVENTS MAY PROVE HUTT IS RIGHT AND HINTON WRONG. HUTT FEELS THAT NEITHER HE NOR ANY WORTHLY SUCCESSOR COULD ACCEPT DEGREE OF OPERATIONAL INTERFERENCE BEING EXERCISED BY INONGA, AND WITH THIS I AGREE.

9. ON 747 ISSUE, LASTEST WORD IS THAT TWO PANAM VICE PRESIDENTS WITH AUTHORITY TO NEGOTIATE ARE DUE HERE MARCH 26.

10. I MIGHT JUST BE SUGGESTING SOON THAT RICE OF PANAM  
NEW YORK ALSO COME TO KINSHASA AND DEPT MAY WISH TO TOUCH  
BASE WITH HIM. ALSO WITH EXIM BANK GIVEN AIRCRAFT LOAN  
TERMS.  
HINTON

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## Message Attributes

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**Draft Date:** 24 MAR 1975  
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